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Bob:

With reference to your letter of 7 May 1956, on the subject of purchase orders and renegotiation, I am in agreement with your summation and recommendation, subject to the following comments re: the referenced clauses in your forms:

20. Patents: To the extent that only supplies are involved I agree that the patent question is not pertinent.
21. Government contract (old form): This language covers a multitude of sins.
21. Audit (new form): Does your company have the right to audit since exclusion of appropriate words or numbers in the right block eliminates our right in this regard? However if the purchase orders are firm fixed price this likewise is not pertinent.
22. Security requirements: This can be handled in other ways and I assume you issue necessary instructions to suppliers where this is a necessary procedure.
23. Non-Discrimination: I assume again that your orders are for standard commercial supplies or raw materials. Otherwise elimination of this clause involves a technical violation.
24. Domestic Articles: Do not believe this is involved.
25. Renegotiation: Elimination desirable and required.
26. Vinson - Trammell Act: Same as renegotiation. Trust you exercise the normal precautions, whenever conditions and security permit, to keep within the limitations of this act.

It appears, therefore, that unless any of the above items suggest areas of possible difficulty you should continue as you have done heretofore. The alternative would be to include the word "military" or a "contract number" but state that with respect to renegotiation an exception has been obtained and that the order shall not be reported for renegotiation. This would leave in effect all clauses 20-26 but would forestall reporting for renegotiation.

Will you consider the items noted above and let me know if any of the possible trouble areas I have discussed are real? If not, you may proceed as you have been doing.

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GFK:lmw (25 May 1956)

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